

City of Dunwoody, Georgia

Bond Referendum FAQ



What is a General Obligation Bond?

A General Obligation Bond or GO Bond (“Gee-Oh”) is a type of bond that must be approved by a majority of the voters through a referendum. General Obligation Bonds are a type of debt instrument that are used by local governments to finance capital needs. The Bonds are secured by full faith and credit, backed by a levy of ad valorem taxes.

How are the Bonds anticipated to be repaid?

The annual principal and interest (combined, debt service) is paid by additional taxes. Generally, a separate bond millage rate is levied over and above the existing M&O millage rate to produce revenues equal to the annual debt service. The impact on the average homeowner is dependent on the value of the home, the actual interest rate of when the bonds are sold and the final terms/conditions of the bond (i.e. length of amortization, amount borrowed, etc).

What kind of projects can General Obligations Bonds finance?

GO Bonds can be issued for any purposes for which taxes may be levied. However, for each broad category of projects, a separate question must be posed to the voters.

Does the project list need to be detailed in the referendum?

The project list is not required to detail every single project, but it is required to list the broad category of the projects (i.e. “parks/greenspace” or “Transportation”).

Are there any limitations on the amount of General Obligation Bonds a City can have outstanding?

The total amount of General Obligation Bonds outstanding may not exceed 10% of the tax digest.

Are there any limitations on the amortization schedule?

General Obligation debt must be retired within 30 years.

Does the City have to issue the Bonds all at once?

No. The bonds can be issued in one or more series at any amount and intervals as necessary.

Once issued, how quickly do the bond proceeds need to be spent?

Generally speaking, there needs to be the intention to spend the bond proceeds within 36 months of the issuance.

Does the GO Bond Authorization expire?

No. However, annual principal repayments are specified in the election question. Therefore, if the issuance is delayed beyond those principal amounts, then amounts in those years are lost. Additionally, the Bonds must be validated through the court system within 6 months of the election.

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City of Dunwoody, Georgia

Town Hall Meeting



May 2022

General Obligation Bonds Overview

- General Obligation (GO) Bonds must be approved by voters in a referendum.
 - Note: A sample schedule for the November 2022 election is included on the subsequent page.
- GO Bonds would be guaranteed by the Full Faith and Credit of the City.
 - Note: A separate bond millage (property tax) is anticipated to be assessed in addition to the City's current Maintenance and Operations Tax Levy.
- Total Outstanding GO Bonds are limited to 10% of assessed value and must be retired within 30 years.
- GO Bonds can be issued in the public market through a competitive/negotiated sale or sold directly to a Bank through a Direct Bank Loan. Public market issuances would require a credit rating whereas in a Direct Bank Loan issuance a rating is not required.
- GO Bonds are issued directly by the City (i.e. no third party issuer).
- The GO Bond issuance process generally takes between 60-90 days following a successful referendum.

November 2022 Election Schedule

		Action
Step 1	Prior to the City Council Resolution	City Council determines project(s) to be financed and Plan of Finance Developed
Step 2	Prior to the City Council Resolution	Financial Terms and Conditions to be included in the referendum finalized. These include but are not limited to: <ul style="list-style-type: none"> • Purpose(s) / Ballot Question • Not to Exceed Aggregate Principal Amount • Not to Exceed Interest Rate (Coupon) • Maximum Annual Principal Amounts • Final Maturity
Step 3	Currently Anticipated to be <u>July 11</u>	City Council adopts Resolution Calling the Election
Step 4	Prior to the Call of Election	DeKalb County Board of Registration and Elections adopts Resolution Calling the Election
Step 5	Prior to the Call of Election	Submit Call of Election to local newspaper(s)
Step 6	At Least 90 Days prior to the Election (<u>August 10</u>)	Call of Election published
Step 7	Prior to Notice of Election	Submit form of ballot question to ballot builders
Step 8	Prior to Notice of Election	Submit Notice of Election to local newspaper
Step 9	At Least 30 Days prior to the election (<u>Week of October 3</u>)	Notice of Election(s) Published (Five Publications Recommended)
Step 10	November 8	Election

Key Assumptions

- Davenport has assumed the following assumptions:
 - \$30, \$40 and \$50 million Borrowings;
 - 20 Year Amortization;
 - 4.50% Interest Rate; and,
 - Level Debt Service Structure.

Estimated Debt Service

\$30 Million Borrowing

\$30 Million Borrowing 4.50% Interest Rate			
Year	Principal	Interest	Total
1	\$960,000	\$1,346,250	\$2,306,250
2	1,000,000	1,306,800	2,306,800
3	1,045,000	1,261,800	2,306,800
4	1,090,000	1,214,775	2,304,775
5	1,140,000	1,165,725	2,305,725
6	1,195,000	1,114,425	2,309,425
7	1,245,000	1,060,650	2,305,650
8	1,300,000	1,004,625	2,304,625
9	1,360,000	946,125	2,306,125
10	1,420,000	884,925	2,304,925
11	1,485,000	821,025	2,306,025
12	1,555,000	754,200	2,309,200
13	1,620,000	684,225	2,304,225
14	1,695,000	611,325	2,306,325
15	1,770,000	535,050	2,305,050
16	1,850,000	455,400	2,305,400
17	1,935,000	372,150	2,307,150
18	2,020,000	285,075	2,305,075
19	2,110,000	194,175	2,304,175
20	2,205,000	99,225	2,304,225
Total	\$30,000,000	\$16,117,950	\$46,117,950

Impact on Millage Rate and Average Homeowner

\$30 Million Borrowing

Impact on Millage Rate

Estimated Digest \$4,000,000,000
Debt Service \$2,306,250
Millage **0.58**

City	Dunwoody
Enter Home Value	\$400,000 A

	B	C	D	E	F
	Gross Assessment (A x 40%)	Standard Exemption	Net Assessment (B-C)	Millage Rate	Tax Amount (D x E)
Bond (4.50%)	\$160,000	(\$10,000)	\$150,000	0.58	\$86

City	Dunwoody
Enter Home Value	\$500,000 A

	B	C	D	E	F
	Gross Assessment (A x 40%)	Standard Exemption	Net Assessment (B-C)	Millage Rate	Tax Amount (D x E)
Bond (4.50%)	\$200,000	(\$10,000)	\$190,000	0.58	\$110

City	Dunwoody
Enter Home Value	\$600,000 A

	B	C	D	E	F
	Gross Assessment (A x 40%)	Standard Exemption	Net Assessment (B-C)	Millage Rate	Tax Amount (D x E)
Bond (4.50%)	\$240,000	(\$10,000)	\$230,000	0.58	\$133

Estimated Debt Service

\$40 Million Borrowing

\$40 Million Borrowing 4.50% Interest Rate			
Year	Principal	Interest	Total
1	\$1,280,000	\$1,795,000	\$3,075,000
2	1,335,000	1,742,400	3,077,400
3	1,390,000	1,682,325	3,072,325
4	1,455,000	1,619,775	3,074,775
5	1,520,000	1,554,300	3,074,300
6	1,590,000	1,485,900	3,075,900
7	1,660,000	1,414,350	3,074,350
8	1,735,000	1,339,650	3,074,650
9	1,815,000	1,261,575	3,076,575
10	1,895,000	1,179,900	3,074,900
11	1,980,000	1,094,625	3,074,625
12	2,070,000	1,005,525	3,075,525
13	2,160,000	912,375	3,072,375
14	2,260,000	815,175	3,075,175
15	2,360,000	713,475	3,073,475
16	2,465,000	607,275	3,072,275
17	2,580,000	496,350	3,076,350
18	2,695,000	380,250	3,075,250
19	2,815,000	258,975	3,073,975
20	2,940,000	132,300	3,072,300
Total	\$40,000,000	\$21,491,500	\$61,491,500

Impact on Millage Rate and Average Homeowner

\$40 Million Borrowing

Impact on Millage Rate

Estimated Digest \$4,000,000,000
Debt Service \$3,075,000
Millage **0.77**

City	Dunwoody
Enter Home Value	\$400,000 A

	B	C	D	E	F
	Gross Assessment (A x 40%)	Standard Exemption	Net Assessment (B-C)	Millage Rate	Tax Amount (D x E)
Bond (4.50%)	\$160,000	(\$10,000)	\$150,000	0.77	\$115

City	Dunwoody
Enter Home Value	\$500,000 A

	B	C	D	E	F
	Gross Assessment (A x 40%)	Standard Exemption	Net Assessment (B-C)	Millage Rate	Tax Amount (D x E)
Bond (4.50%)	\$200,000	(\$10,000)	\$190,000	0.77	\$146

City	Dunwoody
Enter Home Value	\$600,000 A

	B	C	D	E	F
	Gross Assessment (A x 40%)	Standard Exemption	Net Assessment (B-C)	Millage Rate	Tax Amount (D x E)
Bond (4.50%)	\$240,000	(\$10,000)	\$230,000	0.77	\$177

Estimated Debt Service

\$50 Million Borrowing

\$50 Million Borrowing 4.50% Interest Rate			
Year	Principal	Interest	Total
1	\$1,600,000	\$2,243,750	\$3,843,750
2	1,665,000	2,178,000	3,843,000
3	1,740,000	2,103,075	3,843,075
4	1,820,000	2,024,775	3,844,775
5	1,900,000	1,942,875	3,842,875
6	1,985,000	1,857,375	3,842,375
7	2,075,000	1,768,050	3,843,050
8	2,170,000	1,674,675	3,844,675
9	2,265,000	1,577,025	3,842,025
10	2,370,000	1,475,100	3,845,100
11	2,475,000	1,368,450	3,843,450
12	2,585,000	1,257,075	3,842,075
13	2,700,000	1,140,750	3,840,750
14	2,825,000	1,019,250	3,844,250
15	2,950,000	892,125	3,842,125
16	3,085,000	759,375	3,844,375
17	3,225,000	620,550	3,845,550
18	3,370,000	475,425	3,845,425
19	3,520,000	323,775	3,843,775
20	3,675,000	165,375	3,840,375
Total	\$50,000,000	\$26,866,850	\$76,866,850

Impact on Millage Rate and Average Homeowner

\$50 Million Borrowing

Impact on Millage Rate

Estimated Digest \$4,000,000,000
Debt Service \$3,843,750
Millage **0.96**

City	Dunwoody
Enter Home Value	\$400,000

A

	B	C	D	E	F
	Gross Assessment (A x 40%)	Standard Exemption	Net Assessment (B-C)	Millage Rate	Tax Amount (D x E)
Bond (4.50%)	\$160,000	(\$10,000)	\$150,000	0.96	\$144

City	Dunwoody
Enter Home Value	\$500,000

A

	B	C	D	E	F
	Gross Assessment (A x 40%)	Standard Exemption	Net Assessment (B-C)	Millage Rate	Tax Amount (D x E)
Bond (4.50%)	\$200,000	(\$10,000)	\$190,000	0.96	\$183

City	Dunwoody
Enter Home Value	\$600,000

A

	B	C	D	E	F
	Gross Assessment (A x 40%)	Standard Exemption	Net Assessment (B-C)	Millage Rate	Tax Amount (D x E)
Bond (4.50%)	\$240,000	(\$10,000)	\$230,000	0.96	\$221

Debt Service Summary

Debt Service Summary 4.50% Interest Rate			
Borrowing Amount	\$30 Million	\$40 Million	\$50 Million
Millage Rate Impact	0.58	0.77	0.96
1	\$2,306,250	\$3,075,000	\$3,843,750
2	2,306,800	3,077,400	3,843,000
3	2,306,800	3,072,325	3,843,075
4	2,304,775	3,074,775	3,844,775
5	2,305,725	3,074,300	3,842,875
6	2,309,425	3,075,900	3,842,375
7	2,305,650	3,074,350	3,843,050
8	2,304,625	3,074,650	3,844,675
9	2,306,125	3,076,575	3,842,025
10	2,304,925	3,074,900	3,845,100
11	2,306,025	3,074,625	3,843,450
12	2,309,200	3,075,525	3,842,075
13	2,304,225	3,072,375	3,840,750
14	2,306,325	3,075,175	3,844,250
15	2,305,050	3,073,475	3,842,125
16	2,305,400	3,072,275	3,844,375
17	2,307,150	3,076,350	3,845,550
18	2,305,075	3,075,250	3,845,425
19	2,304,175	3,073,975	3,843,775
20	2,304,225	3,072,300	3,840,375
Total	\$46,117,950	\$61,491,500	\$76,866,850

Contact Information

Richmond — Headquarters

One James Center
901 East Cary Street,
Suite 1100,
Richmond, Virginia 23219

Courtney Rogers

Senior Vice President

804-697-2902

crogers@investdavenport.com

Ricardo Cornejo

First Vice President

404-865-4040

rcornejo@investdavenport.com

Atlanta Office

515 East Crossville Road
Suite 380
Roswell, Georgia 30075

Christopher Holt

Associate Vice President

404-922-7301

cholt@investdavenport.com

Doug Gebhardt

First Vice President

404-825-9467

dgebhardt@investdavenport.com

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DISCLAIMER The City is considering financing the types of projects listed. Any specific projects listed are meant to be illustrative of the types of projects that may be financed. The City may or may not finance the specific project. Furthermore, the order of the projects does not indicate their priority. The City may finance the projects in any order or not at all. Should the City decide to call a referendum on the issuance of general obligation bonds to finance all or a portion of the projects, Citizens should not vote for the issuance of general obligation bonds on the assumption that any of the listed projects will be financed with the proceeds of such bonds.

Parks, Transportation, Stormwater	Project Location	Short Summary	Notes	Earliest Start Year	Earliest Completion Year	Overall Capital Cost (City Only)	Estimated Additional Operating Cost
Parks	Roberts Dr	Implement Park Design	Cost based on current draft master plan	2023	2023	\$ 11,000,000	\$ 200,000
Parks	Citywide	Land Acquisition	Purchase new park property	2023	TBD	\$ 10,000,000	\$ 1,000,000
Parks	Winters Chapel Rd to Perimeter Coor	Eastside Trail Connector	Eastside Trail Connector	TBD	TBD	\$ 8,000,000	TBD
Parks	Perimeter District to Dunwoody Village	Town Central Trail Connector	Town Central Trail Connector	TBD	TBD	\$ 8,000,000	TBD
Parks	Roberts Dr to Village to Brook Run	Village to Parks Trail Connector	Village to Parks Trail Connector	TBD	TBD	\$ 8,000,000	TBD
Transportation	Citywide	Sidewalk Program	Use funding to accelerate sidewalk construction.	2023	2026	\$ 7,000,000	\$ 25,000
Parks	Brook Run Park	Implement Phase 2	Includes cost of current master plan with maintenance facility, splash pad, pavilions, sports field playgrounds, courts and dog park restroom	2024	2025	\$ 7,000,000	\$ 100,000
Parks	Vermack Rd	Implement Park Design	Cost based on current draft master plan	2023	2023	\$ 4,000,000	\$ 100,000
Parks	Peachtree Middle School	Turf Field Conversation	Allow long term efforts at programming	2022	2022	\$ 2,000,000	Decrease from grass.
Transportation	I-285 Right of Way	Trail	Trail connecting Perimeter Center East Park to Georgetown	2023	2027	\$ 1,500,000	\$ 5,000
Transportation	Peeler Road	Trail	Convert sidewalk in reservoir linear park to a shared-use path	2023	2026	\$ 1,500,000	\$ 5,000
Parks	Dunwoody Arts Center	Expansion	Dunwoody Arts Center has \$1.4M of funding for match.	2022	2023	\$ 1,000,000	\$ 50,000
Parks	Dunwoody Nature Center	Expansion	Dunwoody Nature Center has \$1M of funding for match.	2023	2024	\$ 1,000,000	\$ 50,000
Parks	Dunwoody Nature Center	Board Walk replacement	Stream restoration and Boardwalk Replacement	2023	2023	\$ 1,000,000	\$ 10,000
Parks	Dunwoody Cultural Arts Center	Parking Lot Paving	Includes drive land modifications	2023	2023	\$ 750,000	\$ -
Parks	Waterford Park	Complete Park Construction	Construct Playground and Trail System	2023	2023	\$ 600,000	\$ 20,000
Parks	Brook Run Park Vet Memorial	Rehab existing memorial	Cost based on current concept	2022	2022	\$ 300,000	\$ 5,000